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<th>Title</th>
<th>Procurement and Contract Management Strategy 2013 – 2017</th>
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<td>Procurement and Performance Manager</td>
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Appendix A – Current Legislation and Good Practice considerations
Appendix B – Procurement Thresholds
1 Introduction

1.1 This Procurement and Contract Management Strategy 2013 – 2017 applies to the procurement and contract management of goods, services and works undertaken by Basingstoke and Deane Borough Council (the Council) and seeks to ensure that best practice procurement and contract management practice is applied consistently throughout the Council. The strategy sets out:

- The strategic context
- The procurement and contract management vision and aims
- The principles that underpin the Council’s procurement and contract management activity
- The procurement and contract management objectives

1.2 What is meant by procurement?

Procurement is the process of acquiring goods, works and services. The process spans the whole cycle, from identification of needs through to the end of a service contract/the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community whilst providing best value, in order to help achieve the Council’s key priorities.

1.3 Sustainable Procurement

The Council recognises it has a role in furthering sustainable development, through its procurement of buildings, goods, works and services. Procurement decisions can have social, economic and environmental implications, both locally and globally, now and for future generations. The Council will ensure that its procurement and contract management activities follow the good practice within the Sustainable Procurement Task Forces’ Flexible Framework (SPTF FF).

EU procurement regulations also require that local authorities secure positive outcomes for the wider society, economy and environment, in ways that offer real long-term benefits, while using its resources effectively and efficiently in order to achieve value for money.

1.4 What is meant by Contract Management?

Contract management is the proactive monitoring, review and management of contractual terms secured through the procurement process to ensure that what is agreed is actually delivered by suppliers or partners. Contract management includes:

- ensuring compliance with the terms and conditions agreed
- documenting and agreeing any changes or amendments that may arise during contract implementation or execution

In short, effective contract management ensures that:

- strategic priorities agreed at the outset are delivered in a timely and cost effective manner
- issues of non-compliance or variation are picked up early and either dealt with or appropriately escalated for resolution
- costs and risk are managed appropriately
- reviews are undertaken and lessons learnt fed back into the commissioning and procurement process to ensure continuous improvement.

1.5 Legislative environment

The framework of legislation the Council must comply with in delivering its contract and procurement strategy includes national and EU legislation and regulation as well as local Contract Standing Orders. Procurement legislation is refreshed and revised regularly impacting effective procurement and contract management practices. Appendix A sets out the most recently refreshed legislation that the Council must consider in terms of its’ procurement and contract management and also sets out some guidance in terms of current good practice. This document will be reviewed on an annual basis to ensure that it is updated with new legislation and emerging good practice. Appendix B sets out the Council's procurement thresholds and the quotation/tender requirement that must be adhered to.
2 Strategic Context

2.1 Council Plan priorities and associated strategies

Procurement and contract management should be seen in the context of the Council’s overall priorities as set out in the Council Plan 2013 to 2017¹, The Basingstoke Area Strategic Partnership’s (BASP) Sustainable Community Strategy² and the objectives and future priority outcomes of the Council developed through the commissioning framework. It is important that procurement and contract management decisions are taken in the context of the broader outcomes that the Council is seeking to achieve through the Council Plan and associated strategies, taking account of whole life costs sustainable impact not price alone.

The Council Plan: 2013 to 2017 has been framed with regard to the national policy changes and uncertain economic climate which impact on both the Council and our communities. Its development has included consideration of information on local demographics, service performance and what residents tell us.

Within this context the Plan sets out our ambition for the Borough, identifying key themes and priorities. It provides a medium term, four year plan, which runs in parallel with the budget strategy. Proposals are aimed at investing in our Borough to ensure our communities have good jobs, a high quality of life and a prosperous future. In doing so the Plan continues to contribute to the shared vision for the Borough which has been agreed by the Council and all partners in the Basingstoke Area Strategic Partnership:

“In 2026 Basingstoke and Deane’s people, communities and businesses will be flourishing – enjoying an excellent quality of life and environment which has been improved through well planned growth that draws on our strengths and secures vital improvements.

Regenerating our towns and estates, and enriching the character and vitality of our villages and outstanding countryside will support Basingstoke as a major vibrant centre, leading north Hampshire and fulfilling an influential role in the region.”

2.2 Commissioning

2.2.1 The Council has adopted a strategic commissioning approach whereby an evidenced-based understanding of community need and appropriate engagement with service users will determine what services will be commissioned. How services are delivered will be determined according to what options offers the most appropriate (e.g. cost effective or locally based) approach to deliver the outcomes sought. The approach has the potential to widen the choice in how services can be delivered e.g. by local communities, current service delivery staff or new enterprises. A Commissioning Framework is in place to give guidance on how strategic commissioning is implemented by the Council. A Commissioning Programme that focuses the Council’s commissioning activity against priority objectives is in development and will form an essential part of an annual assessment, planning, implementation and review cycle that drives both commissioning and subsequent procurement and contract management activity.

²http://www.basingstoke.gov.uk/browse/council-and-democracy/policies-and-plans/sustainablecommunitystrategy.htm
2.2.2 Commissioning opens up opportunities for innovation, including exploring different types of service delivery by taking account of community needs, prioritising those needs and then engaging communities in designing services to meet those needs. It also provides the opportunity to objectively assess and validate that what we do now is the best way of delivering services - adding confidence that existing delivery approaches may well remain the best option for the Council. The Procurement and Performance team will play a vital role in this new approach ensuring that experience of delivery and lessons learned from contract management are fed back into the commissioning cycle. This joined up, continuous improvement approach will be central to our success.

2.2.3 Strategic commissioning is often illustrated by means of a cycle as shown below. Procurement is part of the 'do' stage and contract management forms part of the review and analyse stages.
3. Procurement and Contract Management Vision

3.1 In support of the duty of competence and best value and recognising the requirements of the Council Plan, the Council’s vision for procurement and contract management is:

“To ensure the delivery of best value, priority outcomes for our community through providing a strategic procurement and contract management function that is an exemplar of recognised good practice.”

4. Aims of the Procurement and Contract Management Strategy

- To establish a clear strategic direction;
- To deliver a robust principles underpinning a common, corporate process of strategic sourcing and contract management (including supplier relationship management);
- To deliver best value by reducing budget expenditure and providing more for less as part of continuous review and improvement;
- To reap the benefits of joint working and collaboration where appropriate;
- To ensure that the impact of socio-economic and environmental sustainability is considered in the Council’s procurement and contract management approach;
- Increase the proportion of the Council’s spend against contracted and approved suppliers i.e. reduce maverick or non-approved spend;
- To ensure that current legislation and good practice is applied to the Council’s procurement and contract management activity;
- To periodically set out our approach, i.e. what we are going to do and through monitoring and review ensure that all that we do supports delivery of our vision.

5. Key Procurement and Contract Management Principles

5.1 A number of key procurement and contract management principles have been established to support delivery of the Council’s core values and strategic objectives through the procurement and contract management vision. These are:

- Promote and deliver sustainability, local economic development and equality and diversity objectives through procurement and contract management activities.
- Operate all procurement and contract management procedures in a professional manner to ensure the highest standards of probity, transparency, accountability and fairness.
- Effectively project manage each procurement and contract implementation to achieve the completion of service delivery on time, within budget and in accordance with the specification.
- Encourage a mixed economy of suppliers to compete for contracts to help develop a varied and competitive market place.
- Let contracts for appropriate periods of time to ensure value for money, stability and return for providers and promote healthy competition.
- Ensure flexibility within contracts so that every contract, particularly those which run for a number of years, is able to provide for continuous improvement throughout the contract period.
- Where permitted, take in to account the benefits of working with local suppliers in order to maximise benefits to the local economy and sustainability.
- Achieve efficiencies in the procurement and contract management processes,
• Reduce transaction costs as appropriate e.g. through consideration of any procurement solution.
• Minimise environmental impacts associated with the procurement of goods, works and services by reducing demand, developing environmental friendly specifications and supporting initiatives such as the Council’s carbon reduction programme.
• Identify and maximize social values opportunities.
• Encourage suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services as part of their Corporate Social Responsibility agendas.
• Engage Elected Members and staff in the whole life-cycle of the process as appropriately agreed in the strategy ensuring that those engaged are suitably qualified and/or trained for the purpose.
• Actively monitor and manage supplier performance throughout the contract life using those measures agreed in the contract and supporting documentation (such as service levels and partnering agreements) except where varied by agreement.
• Ensure that contract management input is directly proportionate to the value and risk to the Council associated with that contract.
• Continually explore opportunities for revenue protection and income generation.

6. Procurement and Contract Management Objectives

6.1 The procurement and contract management objectives (as set out below) will be delivered through an annual service plan and monitored by the Head of Commissioning via Key Performance Indicators (KPI’s). Performance against the action plan will be regularly reported to the Senior Leadership Team.

6.2 The objectives of this strategy are

6.2.1 People

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<td>• Ensure relevant staff, suppliers, partners and stakeholders are aware of the procurement and contract management strategy and understand how it relates to them particularly in relation to the council’s commissioning programme and continuous improvements</td>
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<td>• Ensure that the Commissioning Business Unit is actively represented on the council’s Environment Champions group</td>
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<td>• Identify responsibilities/lead roles, between procurement officers, contract managers and departmental managers/commissioners across the entire procurement cycle from inception through to contract end</td>
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<td>• Develop a training/awareness programme of the requirements of Contract Standing Orders for all those who are involved in procurement and contract management activity</td>
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<td>• Remind all staff, suppliers, partners and stakeholders of their individual accountability for compliance with the procurement and contract management strategy</td>
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<tr>
<td>• Educate, train and encourage internal purchasers to review their consumption of goods and services (demand management), reduce usage and adopt more environmentally friendly alternative products where appropriate</td>
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• Further develop skilled, knowledgeable procurement and contract management officers through training, specialisation and mutual support mechanisms to ensure the delivery of effective and efficient services

**Longer Term**

• Maintain and improve the knowledge of staff, suppliers, partners and stakeholders to ensure that the Aims and Principles of the procurement and contract management strategy are embedded and continuously reviewed to reflect emerging good practice

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### 6.2.2 Policy, Strategy and Communications

#### Short-term

- Develop the Strategic Procurement and Contract Management Officer Group to share best practice, lessons learnt, current issues etc.
- Develop and implement a sustainable procurement guide which includes sustainable procurement objectives. This will be used to identify potential sustainable impacts of procurement and commissioning projects and guide the user to consider what potential actions could be taken to minimise the Council’s impacts
- Develop guidance for reducing sustainability impacts, focusing on high value/high risk/high opportunity areas

#### Medium term

- Embed sustainable procurement for all tendering activities
- Further develop relationships with other public sector organisations to extend collaborative procurement opportunities and share learning
- As part of the commissioning cycle, ensure that procurement and contract management plays a part in releasing resources, funds and support from a central position by pushing them down to a local level to enable local people to take local actions and decisions to help facilitate the Localism Act 2011

#### Longer Term

- Develop case studies from key procurement projects to communicate both internally and externally, thus promoting the benefits of procurement and contract management good practice
- Maintain relationships with other public sector organisations and partners
- Regularly review and update the Procurement and Contract Management Strategy in consultation with stakeholders
### Short-term

- Continue to develop the contracts register to allow improved advance planning for procurement and contract management activity and the identification of continuous improvement opportunities
- Develop and promote outcome-based specifications across all procurement activity, enabling and encouraging suppliers to offer sustainable alternatives
- Develop and promote a Contract Management Handbook to ensure a robust and consistent corporate approach to this activity
- Use of robust, fair and transparent performance management of suppliers with incentivised contracts where appropriate
- Establish Service Level Agreements (SLA’s) and Key Performance Indicators (KPI’s) where they add benefit
- Develop and promote a positive partnership approach to contract management
- Use nationally or regionally agreed minimum specifications including Government Buying Standards (GBS) and relevant eco-label criteria where appropriate for locally identified needs
- Develop a standard approach to consideration of ethical, social, environmental and equality issues in procurement and contract management activity
- Develop and embed whole life costing to tender evaluations

### Medium-term

- Undertake detailed organisational spend analysis to identify areas for smarter procurement and contract management and also to identify key sustainability risks and recommend actions to address risks and maximize opportunities
- Continually improve documentation, guidelines and communication, taking account of legal and good practice developments and introduce templates for general use wherever possible
- Embed a standard approach to consideration of ethical, social, environmental and equality issues in procurement and contract management activity
- Embed and use appropriate targets for Carbon Management, Building Research Establishment Environmental Assessment Method (BREEAM) and sustainable construction, refurbishment and maintenance in relevant contracts via the procurement process

### Longer Term

- Create a culture that seeks continuous improvement, innovation and sustainable alternatives to the traditional procurement of goods, services and works. Challenge will be driven by the Procurement and Performance Team
- Ensure that the procurement and contract management process reflects any changes in UK and/or EU legislation.
6.2.4 Engaging Suppliers

To ensure the development of appropriate markets to meet current and future needs the Council will actively pursue and maintain new and existing engagement opportunities with the market to promote and develop effective partnerships. Working closely with current and potential suppliers across the private sector, public sector, voluntary and community sector (VCS), social enterprises and minority businesses, to help them understand how to do business with the Council, address sector specific barriers, and encourage innovation in the supply market to drive value for money and wider sustainable outcomes.

### Short-term

- Develop supplier information and guidance, setting out the requirements of the Council and its strategic aims
- Build strong, mutually beneficial partnerships with third party suppliers on the back of a sound reputation for good practice and fairness
- Improve access to contract opportunities for suppliers by:
  - ensuring engagement with all sectors (including internal services)
  - simplifying our processes wherever possible
  - helping to better equip them to compete for public sector business
  - ensuring that there is fair and open process for all potential suppliers to express their interest in contract opportunities
- Leveraging ethical, social, environmental and equality benefits to support the use of local suppliers through the procurement process
- Encourage suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services as part of their Corporate Social Responsibility agendas

### Medium term

- Consider the impact on markets of the way the services are packaged and presented, in order to make these as attractive as possible and provide the highest quality of service to end users
- Undertake an examination of the sustainability performance of key suppliers
- Show continued commitment to the Voluntary and Community Sector (VCS) Compact throughout the commissioning lifecycle
- Ensure that where appropriate procurement activity is structured in such a way to encourage community bids for services
- Ensure communication supports continuous improvement in the commissioning cycle
- Maintain fair and open access to contract opportunities for all suppliers

### Longer Term

- Target key suppliers and partners to seek their views on the Procurement and Contract Management Strategy to help inform its future development.
6.2.5. Measurements and Results

In order to evidence progress against the above;

- The Central Procurement Team will produce an annual procurement service plan which will highlight commissioning and procurement activity for the current financial year and provide at high level a view of forthcoming activity for the next year. In this way all commissioning and procurement activity can be strategically planned and managed for effectiveness. The service plan will set measureable outcomes to evidence the achievement of the objectives of this strategy.
- The team will ensure that the planned activity meets the needs (as defined by the commissioning programme) of our customers, stakeholders and communities – delivering value for money contracts which are compliant with principles of responsible sustainable procurement and national and EU legislation.
- The team will undertake an annual assessment of progress against the SPTF FF and by the end of the first year will have fulfilled as a minimum, all aspects of the ‘embed’ level and will strive for future levels as agreed.
**Contacting Us**

Please contact us if you have any questions about this strategy.

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